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E.O. 12958: DECL: 02/18/2015 TAGS: <u>PARM</u> <u>ETTC</u> <u>PREL</u> <u>FR</u> <u>EUN</u>

SUBJECT: EU CHINA ARMS EMBARGO: EXPANDING ON FRENCH DEFENSE

MINISTER'S FINANCIAL TIMES COMMENTS

REF: FEBRUARY 15 FINANCIAL TIMES ARTICLE

Classified By: Political Minister Counselor Josiah Rosenblatt, reason 1 $\cdot 4$ (B/D)

- 11. (C) During the course of a meeting on an unrelated issue with Mr. Camille Grand, Diplomatic Advisor to Defense Minister Alliot-Marie, we inquired about the minister's comments in the recent Financial Times article entitled "France urges end to China arms embargo." We noted our confusion over Alliot-Marie's reported statements that the west could sell arms to China in order to preclude the Chinese from manufacturing these same arms. Grand expressed frustration with the reported quote, noting that it had been taken out of context, and wondered whether the FT had its own agenda on the embargo. He said that following the Nice Defense Ministerial, the minister had granted the FT and the French financial daily "Les Echos" a joint interview on the European Union and NATO. The arms embargo question was an unexpected one made by the FT. Grand pointed to the Les Echos article for a more faithful rendition of the French position; comments that the FT had not reported. The Echos quoted the standard French position that the embargo is only of symbolic value, not reflective of current relations with China, and that it ought to be lifted.
- 12. (C) According to Grand, Minister Alliot-Marie believes that it might be more useful for the west to sell limited defense products, not on the EU's or France's list of proscribed technologies or weapons, in an effort to limit Chinese efforts to acquire such products/technologies elsewhere or to manufacture what they could. The concept behind the idea is that through such sales we will be able to maintain a measure of control over Chinese acquisitions through licensing and export regulations. We do not believe that the Chinese would not try to reverse engineer defense technologies, and for that reason, France will not relax its existing export regulations, even after the arms embargo is lifted, he emphasized. The Financial Times article, unfortunately, did not cite this aspect of the minister's argument, he added.
- 13. (C) Turning to a broader discussion of the arms embargo, Grand reiterated the MOD position that France does not believe that China would buy major systems from the west and would likely continue to turn to the Russians. The Chinese would not want to rely on the U.S. or Europe, as they fear future restrictions/embargoes that we might impose. On the French side, Grand stressed that even after the EU arms embargo is lifted, France would continue to deny the export of sensitive technologies that could have an adverse impact on Japan, U.S. forces in the region or the situation in the Taiwan straits. Grand concluded by observing that success in controlling China will depend on how well we can control technology exports, and cited the EU's planned reinforced code of conduct as such an effort.

Leach